5 CONFIDENTIAL REPORTS

5.1 PAYNEHAM MEMORIAL SWIMMING CENTRE - PROJECT RISKS UPDATE

REPORT AUTHOR: Manager Assets & Projects
APPROVED BY: General Manager, Urban Planning & Environment
Chief Executive Officer
ATTACHMENTS: Nil

PURPOSE OF THE REPORT

The purpose of this report is to provide information to the Audit & Risk Committee on the status of the "High" and "Extreme" risks associated with the Payneham Memorial Swimming Centre Redevelopment Project and a summary of the project and financial status of the Project.

BACKGROUND

The Payneham Memorial Swimming Centre (PMSC) was first opened in 1968 by the former City of Payneham and despite several repairs and replacement of plant and equipment over the years, it reached the end of its useful life after more than 50 years of service.

On 1 December 2023, the Council appointed the preferred tenderer for the Payneham Memorial Swimming Centre Redevelopment Project, Badge Constructions SA Pty Ltd, to undertake the construction of the Payneham Memorial Swimming Centre Redevelopment.

The PMSC Redevelopment Project (the Project) is well progressed and is scheduled for practical completion by 28 June 2026. More detail in the project status is provided in the Discussion section of this report.

As part of the decision-making process associated with progressing the Project, the Council also considered the following recommendation from the Council's Audit & Risk Committee which was made at the meeting held on 6 December 2023.

- *the Chief Executive Officer receive monthly reports regarding the Payneham Memorial Swimming Centre Project Risks that have a residual rating of high and extreme;*

- *a report be presented on a quarterly basis to the Council's Audit & Risk Committee whilst those risks remain at high and extreme; and*

- *the Council continually diligently manages the Projects set out in the Long-Term Financial Plan and strategies to ensure that the Council's key financial indicators return to the following target levels:*

    - *Operating Surplus Ratio within 3 years, and*
    - *Net Financial Liabilities Ratio within 10 years or earlier is possible.*

In accordance with the resolution as set out above, reports were presented to the Audit & Risk Committee at its meetings held on 19 August 2024 and 15 September 2025.

The risks are reassessed periodically and the most recent update is addressed in this report.

STRATEGIC DIRECTIONS

***CityPlan 2030* Alignment**

Outcome 1: Social Equity
An inclusive, connected, accessible and friendly community.

Objective 1.1: Convenient and accessible services, information and facilities.

Released

Strategy 1.1.1: Establish community hubs that integrate social support, health, recreational and commercial services, in multi-purpose spaces.

FINANCIAL AND BUDGET IMPLICATIONS

At its meeting held on 7 October 2025, the Council was provided with an update on the Project and with a reasonable level of certainty, a cost estimate to complete the Project. This estimate was based on the following assumptions and financial allowances:

- average monthly value of variations over the construction period to date extrapolated out to the practical completion date;
- variations approved or under review in line with estimates that have been submitted;
- extension of time claims pending review and resolution; and
- known estimates for the Design & Construct items at the time of finalization of the October report.

On the above basis, the estimate to completion was noted as $63.98m (excl GST). This equates to a $3.05m (or 5%) variance to the total Project Cost of $60.93m (inclusive of contingency).

Following consideration of the report, the Council resolved:

That the Council endorse a budget revision of $3.05m to the original project allocation of $60,931,400 be approved to allow completion of the project as currently scoped (including Water Slides).

As part of the Special Conditions that have been imposed by the Local Government Finance Authority (LGFA) on the loan approval for this Project, the Council is required to provide the LGFA with periodic information on the status of the PMSC Redevelopment Project.

Following consideration of the 7 October 2025 report, and Council endorsement for the budget revision, the LGFA was informed of these changes to provide assurance of the Authority's continued support for an increase in Council's debt levels. No concern has been raised by the LGFA.

At this point in time, the total cost to complete the Project is forecast to be within budget.

RISK MANAGEMENT

Project risks are being managed in accordance with the Council's *Risk Management Policy & Procedure* and the Project Risk Register for this Project. Further information on the Project risks is contained within the Discussion section of this report.

CONSULTATION

Elected Members
Elected Members receive the Minutes from the Audit & Risk Committee Meetings and consider any recommendations that are made by the Audit & Risk Committee to the Council.

Community
Not Applicable.

Staff
Not Applicable.

Other Agencies
Not Applicable.

Released

DISCUSSION

As at the end of January 2026, the PMSC Project was approximately 25 months (or 83%) through the 30-month construction period. The Project remains on schedule to achieve the revised practical completion date of 28 June 2026, as per the revised Construction Contract with the main contractor, Badge.

This practical completion date was revised from 17 April 2025 to 28 June 2026, when the design and costing of major Design & Construct items such as zero-depth play and water slides were approved and then included as part of the main Construction Contract. This is a standard contract management approach.

Earned value (EV) is a performance measurement used in Earned Value Management (EVM) to quantify the "worth" or value of work actually completed to date, by relating the project's budgeted cost to its physical percentage of completion. The EV to date for the PMSC is approximately $49M (or 77%) of the $63.9M project cost.

Construction of the Main Pool and Hall and structural elements are now complete, and all external building façade works, including glazing and brickwork, is nearing completion. Tiling has been completed in the 25m and 50m pools and is ongoing in the Learn-to-Swim Pool. Internal and external tiling works are well underway throughout the facility, and second fix carpentry has commenced in the Pavilion building.

Work on zero-depth play and water slides has commenced.

Risk Management update

The full Project Risk Register was presented to the Audit & Risk Committee at its meeting held on 15 September 2025. At that time there were only two risks (#14 and #25) with a residual risk level of High or Extreme.

As at February 2026, and as listed in **Table 1** below, these risks remain as the only two risks that have a residual risk level of High or Extreme.

TABLE 1: PAYNEHAM MEMORIAL SWIMMING CENTRE REDEVELOPMENT PROJECT RISKS

Risk #	Risk Description	Impact Level	Inherent Risk Level (Dec 2023)	Current Risk Level (Feb 2026)	Comments
14	Inadequate car parking for users following redevelopment	Financial / Reputational	High	High	Risks to be mitigated through communications with Centre users regarding car parking and access options.
25	Costs for new PMSC impacts Council's long term financial position resulting in unacceptable constraints on services / capital works	Financial	Substantial	High	Revised budget endorsed by Council, reported to LGFA and will be factored into Council's LTFP.

Car Parking

Car parking is expected to be constrained during peak periods (Risk #14), potentially exceeding current capacity and posing a reputational risk for the Council. While the provision was deemed adequate as part the Development Assessment process, is it common for aquatic centres experience peak demand that may surpass available parking.

Released

In response to an approach from the Council in November 2025 to enter into an arrangement to use their carpark, the owner of the adjoining property at 196 O.G. Road, Payneham has declined to enter into an arrangement due to the ongoing operational requirements of the current occupant, DXC Technology. Council staff will maintain contact with the owner and recommence discussions should the situation change.

To improve use of the carpark on the northern side of the PMSC, a turnstile has been implemented into the perimeter fencing on the eastern side of the PMSC. This will allow visitors to exit the facility via the turnstile, rather than having to exit the facility at the southern end of the PMSC.

The renewal and lighting of the pathway connecting the PMSC main entrance with Turner Avenue and Patterson Reserve will also assist in improving connectivity to the car parking and the surrounding road network north of the PMSC.

Risks associated with car parking pressures will be addressed through communications with Centre users regarding car parking and access options.

The provision of a new car park on Patterson Reserve which could be developed as part of a potential gymnasium, would deliver a net increase in car parking of approximately 50 spaces (or 51%) over and above the current provision of 98 spaces. It is proposed that the Patterson Reserve car park be made available to full members (pool and gymnasium) of the PMSC, thus contributing to user needs.

Long Term Financial Position

The Council has noted the revised estimate to project completion as $63.98m (excl GST). The Budget variance and increased project cost of $3.05m will create added pressure on the Council's Long Term Financial Plan (LTFP) position and approved debt levels if all the projected debt is realised.

This financial impact, together with any other relevant financial changes that arise during the year, will be fully incorporated into the next scheduled review of the Councils LTFP. This will ensure that the Council's long term financial planning remains accurate, current, and aligned with its strategic objectives.

OPTIONS

Not applicable. This report is presented for information purposes only.

CONCLUSION

Construction of the PMSC is progressing according to the agreed construction schedule and is forecast to be delivered within the revised budget. Risk and financial management remain a key focus for the Project Steering Team.

RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the Local Government Act 1999 the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider:

(b) information the disclosure of which -
  (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
  (ii) would, on balance, be contrary to the public interest.

and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Released

RECOMMENDATION 2

That the Audit & Risk Committee notes the report.

RECOMMENDATION 3

Under Section 91(7) and (9) of the Local Government Act 1999 the Council orders that the report, discussion and minutes be kept confidential until completion of the project.

Mr Kym Holman moved:

That pursuant to Section 90(2) and (3) of the Local Government Act 1999 the Council orders that the public, with the exception of the Council staff present (Chief Executive Officer, General Manager Governance & Civic Affairs, General Manager, Community Development, Manager, City Assets & Projects, Manager, Governance, Governance Officer), be excluded from the meeting on the basis that the Council will receive, discuss and consider:

(b) information the disclosure of which -
- *(i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
- *(ii) would, on balance, be contrary to the public interest.*

and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded by Cr Piggott and carried unanimously.

Cr Piggott moved:

That the Audit & Risk Committee notes the report.

Seconded by Mr Kym Holman and carried unanimously.

Cr Piggott moved:

Under Section 91(7) and (9) of the Local Government Act 1999 the Council orders that the report, discussion and minutes be kept confidential until completion of the project.

Seconded by Mr Kym Holman and carried unanimously.

Released